

LAW AND FINANCE MEETING

Wednesday, June 9, 2010

Immediately Following the Special 1:00 P.M. Meeting of the City Council
Council Chambers

The Law and Finance Committee met on Wednesday, June 9, 2010, immediately following the special 1:00 P.M. meeting of the City Council in the Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

Mayor Cornelia P. Olive	Council Member James Williams
Mayor Pro Tem Mike Stone	Council Member Charles Taylor
Council Member Samuel Gaskins	Council Member L.I. (Poly) Cohen
City Manager Hal Hegwer	Council Member Linwood Mann
City Attorney Susan Patterson	Council Member Walter McNeil, Jr.
City Clerk Bonnie White	

Mayor Olive called the meeting to order.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford, FY 2009-2010– (Exhibit A)

Assistant Director of Financial Services Beth Kelly explained that this budget amendment is to amend the operating budget of the General Fund, transferring \$6,500 from Contingency to Horticulture for unemployment benefits.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2009-2010– (Exhibit B)

Assistant Director of Financial Services Beth Kelly explained that this is an amendment to the annual operating budget for the Utility Fund, appropriating \$73,500 of retained earnings for the following: \$17,500 to the store to increase store inventory; \$4,000 for additional funds required for insurance and bonds and inspector overtime work; \$2,000 to Public Works Administration Department for additional funds required for year-end salary accrual; and \$50,000 to the Sewer Construction and Maintenance Department for additional funds required for patching resulting from the sewer line repairs.

Council Member Taylor asked why we were increasing our inventory levels. Mrs. Kelly stated that they had expected to charge more of the inventory out and the General Fund used more of the inventory than the Utility Fund did.

Mayor Olive questioned the salary accrual. Mrs. Kelly explained that the first check in July is a new fiscal year, and nine days out of that ten-day pay period are related to June. It is an accounting entry Finance does for record keeping for the auditors. Expenses have to be kept within the true fiscal year that it is truly earned.

Mayor Olive questioned the \$50,000 to the Sewer Construction and Maintenance Department. Mrs. Kelly explained that it relates to sewer line repair and that department pays back the Street Department for any costs of patching for that sewer line repair. City Manager

Hegwer explained that since the Street Department is a General Fund entity, it performs work for the Utility Fund in terms of the patching. If the patch is large enough, it is contracted out. Council Member Taylor questioned a \$100,000 item in the 2010-2011 Budget for patching. Mr. Hegwer explained that item is in Street Capital Improvements which contains funds typically set aside to hire private contractors to perform patching work. It would not include any regular sewer patches or utility line patches.

General Services Director Tim Shaw explained that in the water and sewer budgets line items, each year there is money put in for utility patching, for water main breaks, water taps, sewer taps, sewer main repairs, etc. The Street Department does that for those two utilities, which actually has nothing to do with the \$100,000 line item which is done through General Fund patching. The additional \$50,000 request (above the \$115,000 revised budget) is to cover the expenses incurred that were not budgeted in this current budget. Council Member Taylor expressed concern about having to amend the budget each year to cover additional patching, and thought that the budgeted amount could be based on past trends. Mrs. Kelly explained that is how they get the projection, but they never know how many sewer lines will break, etc. or how much the patching will cost related to those line breaks. Council Member Taylor expressed that the lines are getting older and older, and inquired if this is something they have seen and had to amend the budget for year after year. Mrs. Kelly stated she could pull that information for him. It is tracked monthly.

Consider Resolution in Support of the Temporary Closure of a Portion of Ramseur Street for the Purpose of a Blandonia Presbyterian Church Sponsored Event- (Exhibit C)

Street Superintendent Magda Holloway stated that this church owns property on both sides of Ramseur Street. They are not asking to use the street as part of the fun day event, but to close the street so that it would be safer for travel from one property to the other, with the rest of the street used for parking. They have provided a Certificate of Liability and they meet all of our requirements. Mrs. Holloway stated that the only thing this should be contingent upon is the fact that the City of Sanford was not named as the additional insured, and they are still working on getting that changed on the policy, as well as waiting for the Special Events Permit. The event is Sunday, June 27, and they may have the paperwork completed by the upcoming council meeting.

Consider Renewal Contract of Inmate Labor Between the City of Sanford and the North Carolina Department of Correction—(Exhibit D)

General Services Director Tim Shaw explained that this is the annual renewal contract with the North Carolina Department of Labor to run July 1, 2010 through June 30, 2011. The rate and the number of inmates are the same—eight inmates at \$1.00 per day. Mr. Shaw stated that it is a program that has worked really well and benefited us greatly. Mayor Pro Tem Stone suggested the city get as many of the inmates as possible. Mr. Shaw stated that they had to be transported and supervised. Mr. Shaw advised that there is a program, not here yet, which involves an eight-man van crew supervised by a state officer at a cost of \$150.00 per day. Mr. Hegwer stated that they would look into expanding the program this year.

Consider 2009 North Carolina Housing Finance Agency Single Family Rehabilitation (SFR) Program—Grant Project Amendment - (Exhibit E)

Community Development Manager Karen Kennedy explained that there had been some cost overruns with a particular house under the lead program and they accessed the money. In

order to close out some records for this fiscal year and keep the books straight, the money had to be allocated to this particular grant program. She stated that she may come back before council in the new budget with a program amendment for next year, so she would not have to come before council for very few houses. She stated there are still many houses in Sanford with lead paint.

Consider Grant Project Ordinance Amendment – Endor Iron Furnace Agency Single Family Rehabilitation (SFR) Program—Grant Project Amendment—(Exhibit F)

City Engineer Paul Weeks explained that the city bid the Endor Iron Furnace Trail project. During the bidding process, a number of bidders came in and picked up plans and specifications; each one was charged \$150 to defray the costs of copying and reproduction. At the end of the bidding process, the city had collected \$1,800. This amendment transfers those funds into the Endor Iron Furnace Trail project account to offset the expenses we have incurred for copying and reproduction and those expenses have not been reimbursed by the state.

Consider Resolution to Approve Water Shortage Response Plan – (Exhibit G)

City Engineer Paul Weeks stated council is not being asked to approve a resolution just yet, but he wanted to get the Water Shortage Response Plan before council, so they could review it. It is their intent to bring it before council at the first council meeting in July for action. In 2008, Mr. Weeks explained, the state revised its rules concerning the requirements for water shortage response plans. These plans are required by entities or communities that supply water. The plan states what triggers drought-like conditions and what to do when that happens. We did a plan in 2003, and in 2008 they added to the rules. Mr. Weeks stated that their review of our water shortage response plan showed areas that needed to be modified. One, the state wants specific triggers in place that will automatically take you from phase to phase. This means that having an individual decide phases is no longer allowed. Along with the specific triggers they required, they also wanted specific measures to move in and out of the phases. They also wanted the specific individuals responsible for the maintenance and implementation of the plans. They want a statement within the plan that states when it will be reviewed by staff. The state requires that it be reviewed at least once every five years, and when there is a significant change to the system. The state recognized that there may be some entities that do not have a water shortage response plan, and they addressed that in the rule change in 2008. Should an entity not have a water shortage response plan, the drought-like conditions will be determined by the North Carolina Drought Advisory Council which was put together by these rules.

Furthermore, if 25 percent or more of the land mass within your county were determined to be in a drought stage by council, the entire county would be considered in that drought stage. The plan before council for their review has been submitted to and approved by the state. After a public hearing, council will be asked to enter into a resolution document plan—a requirement by the state for the plan to become finalized.

Consider Ordinance to Require Separate Meters for New In-Ground Irrigation Systems – (Exhibit H)

City Engineer Paul Weeks explained that in 2008, the state put a requirement in the rules that all separate in-ground irrigation systems have their own meters. This ordinance would allow the city to have “a little more teeth” in its policy. At that time, the city implemented a policy so

that as of July 1, 2009, everyone who came in for irrigation had to get a separate tap and a separate meter.

Council Member Gaskins questioned charging full price for something the city is going to require citizens to do. Mr. Weeks stated that the cost of a water tap today is \$950. The cost of the irrigation tap will be \$950. Most taps are in the middle of the lot and people don't want to see an irrigation tap in the middle of their lot because they also require a backflow preventer, which most people like to hide in some manner. To do that requires running it down to the lot corner and placing the meter. Depending on lot length, that could be 50 feet. That approaches the cost of a \$950 tap fee. When a person who has a tap comes in and asks for an irrigation tap, the city goes back and taps the main line. The reason for doing that is that it requires about the same amount of work as putting in the second tap. Mr. Weeks explained that they are somewhat looking out for the individual from a water-supply standpoint. Most residential taps are standard three-quarter inch (\$950). If you also install in-ground irrigation, you are placing a secondary demand on that. Engineering would like to minimize those occurrences where an individual might not have his/her tap sized to what is needed to support both of those. That requires a separate tap.

Consider Resolution by the Sanford City Council and Contract Between the City of Sanford and the Lee County Economic Development Corporation – (Exhibit I)

City Manager Hal Hegwer noted that Council Members Gaskins and Williams have been participating in talks with the EDC, Town of Broadway, and Lee County in discussions on how economic development can be improved overall. This resolution is a reflection of the changes discussed at those meetings. He discussed the changes represented in the resolution. The main difference is that there is a new economic development investment policy (See Exhibit I--last paragraph of resolution) which changes the current investment policy. Once council has passed the resolution, it will be forwarded to Lee County, the EDC, and Broadway-- hopefully to achieve one policy representing all three localities.

Mayor Olive requested Council Members Gaskins and Williams to explain what the rationale was in altering the qualifications that required a minimum investment and number of employees and those kinds of conditions that were placed on it because we seem to be giving them carte blanche for retail, service, commercial, and industrial. Council Member Gaskins stated that he was not sure why the restrictions were included in the current policy; no doubt we were looking for big industry at the time. The changes that have been recommended are to loosen the handcuffs to allow the EDC to more actively pursue any kind of business, and, if they feel it is appropriate, to offer incentives to bring them here. He believes this council wants to bring a variety of businesses here and not exclude small businesses. Mr. Williams stated that one of the commissioners is interested in having the EDC director report directly to the county manager. He seems to feel that the EDC director is a paid employee that only reports to his board, and he feels he needs to report to one of the managers. Mr. Williams stated that he did not have a big problem with it, but he feels their temporary committee seems to be working with it well. He questioned having the director report to just the county manager without representation from the other members to be sure their investment is looked after.

Mayor Olive asked what safeguards were in place for smaller businesses that may not have the personnel and resources to stay on top of the response to the incentives. Council

Member Gaskins responded that the safeguards are exactly the same as we have now. Any kind of agreement would always come before the council and board of commissioners. Mr. Williams stated that council had talked about having the EDC director come before council every quarter and bring them up to speed. Now, he questioned just having him report before the county manager. He also mentioned that the EDC board was meant to be temporary, but now he wonders how that should be handled. Mr. Gaskins said it was proposed that the EDC director would meet quarterly with the combined group of Lee County Commissioners, Sanford City Council, Broadway Town Council, and the EDC Board of Directors so that everyone would hear what is going on and have input. The fourth meeting would give the projection for the coming year. This would be separate from the person to whom the EDC director would report. Mayor Olive pointed out that any members of the boards involved could attend the EDC meetings, as well.

Council Member Cohen stated that the city council is well represented at EDC meetings with Albert Adcock, City Manager Hal Hegwer, and Lee County Manager John Crumpton attending every meeting. Mayor Pro Tem Stone questioned a portion of the proposed resolution that stated ... "Businesses may receive benefits..." Mr. Stone stated that Caterpillar got \$900,000 up front as of the commissioner meeting last week. He stated that it was up to the boards to decide and there is no guideline. He stated that once council approves this resolution, there will be no guidelines and it will be politics at its largest level ever. There is no guarantee of jobs. There has been no audit on incentives. Council Member Gaskins explained that the reason this section was put in the resolution was based on a concern that Mayor Pro Tem Stone had. If you claim that you have increased your capital spending by a million dollars, it is written in there that an incentive of 50 percent of your property taxes will be given back as a refund spread over five years. If they pay \$20,000 in property taxes one year, we give them \$10,000 back. Every company who would come in and qualify for that would know exactly what they are going to request.

Mr. Stone stated that previously there was a jobs component built in, but has been stripped out of the current policy. The reason for auditing in the past that never took place was because they said they created seventy jobs, a hundred jobs, but there was zero credibility on how many jobs they created versus temporary jobs, full-time jobs, jobs with benefits—none of that was ever displayed. Mr. Stone stated that when he brought that up in the last two years, now it is going back to the original statement—"will be able to receive benefits." Mr. Stone stated that a lot of politics is going on. Council Member Cohen stated that the reason it is worded that way is to keep it out of court. Council Member McNeil stated that his concern about it is that the policy says that the EDC director will report to the county manager, and he feels that the city manager and manager of Broadway should be reported to, as well as the county manager.

City Manager Hegwer reviewed the changes from the old contract. The resolution just sets up an investment guideline that would be in a policy that would have all three entities involved. The contract would be new and Mr. Hegwer pointed out the changes. He reviewed pages 32-39 of Exhibit I. Mr. Hegwer stated that each entity's contribution to the EDC is tied to the sales tax distribution from which the city receives more funds. Council Member McNeil stated that the EDC director should not report to one entity director, but to all at the same time. Council Member Taylor agreed with him. Mayor Olive stated that she was curious as to why the Chamber of Commerce and Second Century would be in the same category on Item D. Mr.

Stone stated that it would be helpful for the council to review the resolution and take out the things they don't want and add what they do want. He stated that he believed EDC Director Bob Heuts should come before council to explain how the money is used and that should be part of the agreement. Mr. Stone stated that it would be premature to vote on this at the next council meeting. Mr. Hegwer stated that it would be brought up for a vote when council decided.

In answer to Mayor Olive's question, Council Member Gaskins stated that he thought they could probably list anyone. The comment is only that they will cooperate with and it states "includes, but not limited to." He thinks that any agency whose goal is to grow the Town of Broadway, the City of Sanford, or Lee County would be willing to work with the EDC. Mayor Olive stated that it is a foregone conclusion that the city is going to work with the government entities listed to the best of our ability, but she questions why Second Century and the Chamber of Commerce are listed as we do not have access to their budgets, and they have no commitment of transparency to us. Mr. Williams stated that he did not know why the Chamber is listed, but they attend all the meetings. Mr. Stone stated it was "team building." Mr. Taylor stated he shared the same sentiment as the mayor on the statement. He felt that by naming specific organizations, it sets up, down the road, for problems with changes in leadership or direction of the individual agencies stated. Mr. Williams expressed concern that elected officials -- those people who were elected by the citizens of Sanford -- should make the calls. In looking at the different groups, some are not elected or funding the EDC. Mr. Gaskins expressed that striking the second sentence from Paragraph 5-D of the resolution should solve the problem.

Mr. Hegwer continued his review of the new resolution. If council wants a comprehensive, strategic plan, it will take at least six months. Mr. Taylor asked how this revised policy stacks up against those in other communities. Mr. Gaskins stated he has not seen the policies from other communities, but he believes that what we are doing here is giving a little more flexibility to our own EDC, as this council had wanted earlier the flexibility to work with smaller businesses. This opens up the opportunity for them to deal with smaller businesses and industries. Mr. Williams stated that the policies he had seen did not present anything by which we could compare ourselves, as they were varied and did not specify types of incentives. Mr. Taylor referred to a meeting of Chatham County and stated they had a stringent and structured policy. Mr. Williams stated the policies were handed to him at the first meeting and they were general and he would share them with Mr. Taylor. Mr. Taylor stated that if people want to guide you, they can give you policies that reflect general terms.

Council Member McNeil asked for clarification about the EDC director's meeting with the managers. Mr. Gaskins clarified that it is not just a meeting for the managers; there is a quarterly meeting with all members of the Sanford City Council, the Broadway Town Council, the Lee County Board of Commissioners, and the Lee County EDC board. All four boards are invited to a quarterly meeting at which there will be a report from the EDC with full interchange with all members of those four boards. Everyone will hear the same story at the same time and have opportunity for input. The question about the EDC director reporting "to" the county manager is a separate entity altogether. It is not included in this document at all, and at this point in time, the EDC director has no reporting function to any governing body and the governing bodies are the ones who are paying him.

Mr. Hegwer stated that the EDC director was employed thirteen to fourteen years ago through that EDC Board. He was hired in that process and he is paid through the county's payroll system and benefit's system. That was intended so that they did not have to have a separate benefit's plan. He does not report to the county commissioners or to this board through his normal duties. Mr. Hegwer stated that he thought however the reporting arrangement is worked out, would work. Mr. Williams stated that the EDC director only reports to his board and they are not elected. Mr. Williams stated that he feels the EDC director should be supervised by somebody, and he and Mr. Gaskins as this board's representatives to the EDC, would like to know who this board would like that to be.

Council Member Taylor stated that Council Member Cohen is an elected official now and currently serves on EDC. Mayor Olive and Mr. Cohen pointed out that he would not be after this month. Mr. Taylor stated that he has voted on issues in the past that have come before the city council. Mr. Taylor stated that we have appointed people from our local entity to the EDC board. Mr. Cohen stated that Mr. Heuts is available and will come anytime council wants him, and that regardless of whether council gets this agreement done today, or six months from now, he thinks EDC will continue to do good things everyday and work the best for the city and the county. Mr. Gaskins stated that he and Mr. Williams are on the study committee to bring what they thought this council wanted in this agreement and thought they had, but they would still be willing to hear any other suggestions.

Council observed a five-minute break.

Consider Discussion of Proposed Budget for Fiscal Year 2010-2011

In response to earlier questions and requests from the council, City Manager Hegwer distributed and explained several handouts. First, he discussed a chart of inspection technology fees (Exhibit J). The chart showed \$101,160 for software. The number of permits has dropped off since July 2007 due to the economy. The annual maintenance/service/warranty is \$13,925.

Second, Mr. Hegwer distributed and explained a chart showing the total salary by type of pay (Exhibit K), including exempt and non-exempt.

Third, Mr. Hegwer distributed information on commercial permits and inspections, residential permits and inspections, and a building construction fee schedule. (Exhibit L). The last permit fee was put in place in the 2006-2007 Budget as a 30 percent increase. He stated that these are the handouts currently available in the Building Inspections program and could be assembled into a brochure format, if necessary. Mayor Olive stated that she wanted something in place to hand to people who want to build something here so they will know the steps with which they must comply and how much it will cost.

Fourth, Mr. Hegwer distributed information on the Sanford Golf Course (Exhibit M) which included the number of member rounds and non-member rounds played and associated revenues, as well as a breakdown of water usage on a monthly basis. Mr. Hegwer stated that all the meters at the golf course were going to be recalibrated to try to get a closer number of water usage. He expects the water usage to be around 2.5 million gallons. Mr. Taylor stated that he was baffled as the figures do not match anything he has received from any other municipal golf courses that do measure their water.

Fifth, Mr. Hegwer noted the handout listing the city-owned properties available for sale (Exhibit N) for council possibly to consider in planning for a skate park. City Attorney Patterson explained that those properties with red lines are not available for a park or have been sold. The city-owned properties with structures on them, such as a water plant, have not been included.

Sixth, Mr. Hegwer reviewed the number of parking tickets written in 2009 and how many were taken to court—701 parking tickets were written and 233 of those were turned over to legal by revenue after a second notice was issued; 266 were filed in court which included some left over.

Because of the cost of taking the tickets to court, Mayor Pro Tem Stone suggested that the costs for taking the tickets to court might be better utilized by using the police officer who wrote the tickets to patrol at night in downtown. Mayor Olive stated that the parking ordinances were put in place at the request of downtown merchants to keep employees from parking on the street in front of their stores, leaving no space for customers. Council Member Taylor asked if the money from the Special Tax District could be responsible for paying for that enforcement. Attorney Patterson clarified that it is not just for overtime parking in downtown; there are other places throughout town where parking is restricted, such as fire lanes. Noise tickets are included. The court costs that the city pays on those are received back when the city is awarded a judgment in a case. Mrs. Patterson states that taking the tickets to court is a very successful program and she can think of very few the court dismissed--maybe ten in ten years.

Mayor Pro Tem Stone thought that DSI should decide if they want the parking ordinances repealed. Council Member Gaskins noted that covering court costs is not a stated function of DSI funds.

Mr. Hegwer gave council figures they had requested on penalty fees collected in Building Inspections' permitting process. A total of \$4,314 has been collected in penalty fees from July of 2009 to May 2010. During that time 2,778 permits were issued with total revenue of \$248,909 with 2.6 percent of permits issued resulting in a fine; therefore, about 1.7 percent of city's revenue comes from those penalties.

As council members had expressed a concern about discarded copy machines still retaining information about the city, Mr. Hegwer explained that the copy machines now in use at City Hall do not have the capability to store copies of items printed. As each copy is made, the image is erased. For council members inquiring as to how much electrical work that is accomplished by vendors, Mr. Hegwer listed the local companies who had worked for the city this year: Faulk Electric, J. S. Howard, Stoner Electric, Clay Moretz, Berryman Electric, Sanford Electric, and Sanford Industrial Contractors. Mr. Hegwer answered council questions about knuckleboom trucks. He stated that the city has four knuckleboom trucks—two for daily limbs, one for bulk trash; the older truck is used in a reserve capacity and in East Sanford where bulk trash is heavy. Trucks are replaced on a ten-year cycle.

Mr. Hegwer described how the new mower would be used largely at the wastewater treatment plant which is located in an isolated area for several purposes, including snow removal. It is a 1978 model that is being replaced.

Mr. Hegwer explained that regarding the Mobile Data Terminals (MDT's) in police patrol vehicles, the computer itself is isolated in the trunk, not mounted in the dash. There is a display in the front. It is safer this way. Additional costs (probably \$2,000-\$3,000 per computer, per year) would be incurred to utilize lap tops that could be used outside of those cars. Mayor Pro Tem Stone thought another option could be to set up a terminal at the hospital so officers could get the information they need and email it, rather than take notes and then go to their cars. Council Member Cohen stated it could be a security issue. Mr. Hegwer stated it would be looked at.

In response to other council concerns, Mr. Hegwer reviewed the employee turnover handout (Exhibit O). He reviewed the major swings in the training line items for inspectors on Page 130 of the budget. He stated that staff had anticipated that as the economy improves, city would need to retain the services of an additional inspector and a staff associate was not budgeted this year. New inspectors have to meet certain requirements and training is required.

Council Member Taylor inquired about collecting fines in Code Enforcement. Mr. Hegwer stated the goal is compliance and not starting off with a fine. He stated that typically where we don't get compliance is on overgrown lots in a foreclosure or vacant property where we have that taken care of and then put a lien on the property. If fines are collected, they would more likely be for zoning compliance, such as someone putting up banners and not complying in the given amount of time. Mayor Olive commented on how many trips code enforcement officers sometimes make in order to achieve compliance, and thought ten times was ridiculous. Mr. Hegwer stated that a rethinking of the fines could be pursued if council wished. Council Member Taylor stated that it should not take more than three trips if our ordinances are in place and correctly addressing the needs of that community.

Mr. Hegwer continued to address questions he had received from council. He explained that the increased budget amount for departmental supplies in 2009 in the Downtown Historic Preservation category is the direct result of signs and plaques purchased and put in place in the district. The \$30,000 encumbered was part of the Downtown Master Study Plan and there was \$15,000 utilized this year, also to complete payment of that study. There had been some concern in the Engineering budget about training. This year, there are some safety tower climbing classes for two of our construction inspectors, which is a \$1,400 increase. The printing increase is related to stimulus funded projects and plan/specs printing costs.

Mayor Olive inquired about the Cape Fear River study. Mr. Hegwer stated that we are in the third year of the three-year study, and to his knowledge, no significant issues have been found to this point. We participated in this study due to water loss. The decrease in Departmental Supplies in Public Works is due to two computers being purchased last year and none need to be purchased this year. The increase in retirement expense is attributed to reorganization of the water and sewer departments. One employee was moved from one department to another, causing the water department budget to be down and the sewer construction to be up. There are twelve employees in that department.

Concern had been expressed about sludge removal. Mr. Hegwer explained that it is a function of quality and quantity. More sediment is captured at the water treatment plant when

the river is turbulent. Our 60 million-gallon raw water reservoir located at the plant helps with that, as we get quite a bit of settling before the water is pumped over into the plant. With more quantity needs, there will be more sediment to deal with. The difference in contractual costs from 2009-2010 is the result of an item (not capital outlay) being placed in the wrong line item and that is why there is a change. Maintenance was high in 2009 due to some roof/shingle work and heating, ventilation, and air conditioning.

Assistant Director of Financial Services Beth Kelly explained an issue of accounting regarding a city fence that was hit. The \$740 does not reflect the true cost of that because the insurance proceeds had been journaled in there instead of where they needed to be. They have since been moved. That's why it shows an increase plus the upkeep on the aging buildings. There had also been concern about the \$57,000 payment for Patterson Creek. That was a one-time payment to the USGS service for installation of flow and monitoring equipment for Patterson Creek. This came out of a Fish and Wildlife study. With construction of the plant, it was felt it would be more conducive to monitor the river. If we had to enter into a stormwater program, it would be a very stringent program. Patterson Creek is associated with most of the growth we will experience, and we may be able to hold off the stormwater program through the monitoring.

Mayor Olive had asked about the Youth Council. Mr. Hegwer stated that we had had a Youth Council intern in place for many years, but we do not have funding (\$2,400-\$2,500) in the budget for that cost at this point. Mayor Olive stated that she would like for that to go back in the budget.

Mr. Hegwer stated that at the last Law & Finance meeting, there was a consensus to add additional funding of \$26,000--\$20,000 for the Temple; \$3,000 for the Railroad House Museum; and \$3,000 for the Arts Council. It is reflected in the budget ordinance. Lee County provides GIS services for the City of Sanford, and it is necessary to change the budget ordinance to show a \$2,458 increase to the General Fund contributions for an increased cost for the GIS services.

Mayor Olive inquired about updated brochures on Sanford that could be used in marketing Sanford. The Railroad House board has said Sanford, Lee County, and Broadway could use the Railroad House as a welcome center. Mayor Olive stated that we need some current brochures and maps to distribute when people go by looking for directions and information about restaurants and overnight accommodations. With about \$15,000 from the city and the county, this could be accomplished. The material could also be sent to entities who might locate here. The Chamber of Commerce and Second Century could be contacted for help with the funding. Mayor Olive stressed the importance of cleaning up the gateways into Sanford, noting that a first impression is often the only impression that we give. Mr. Hegwer has stated that we could utilize some of our inmate labor to help with that clean up and Code Enforcement could contact some of the people whose properties have fallen into disrepair or are unsightly. She has spoken to Mr. Hegwer about installing some plantings. She has asked that this be included in the budget.

Council Member Gaskins stated that, omitting police and fire departments, he sees the training budgets for most departments have increased from \$66,000 to \$124,000. He stated that Professional Services is up \$13,000; Printing has gone from \$4,300 to \$6,300; Advertising went

up \$19,000; Postage is up \$2,500; Departmental Supplies is up \$16,000; Contractual Services is up \$83,000; cost for uniforms is up almost \$2,000. Mr. Gaskins stated that we have \$183,000 increases in just these smaller segments of the budget. We know that we have under-estimated our expected income by about \$290,000, so we are looking at \$473,000 more. He stated that he knew some of these may be justified increases, but he stated he would like to see more responsibility on the part of department managers to trim some of these expenses. The most positive thing he has seen in the budget is nearly a million dollars paying off outstanding debts, and those debts would then be offset because this year in payments alone, we would be saving \$291,000. He stated that areas of the budget have jumped up disproportionate to what the economy has shown.

Council Member Cohen stated that he has been thinking long and hard about the budget, and he feels more money should be put into the road resurfacing business because once we fall behind, we never catch up. He would like to have Animal Control in the city.

Council Member McNeil stated that he would like to see some of the mayor's proposals that she had council members bring in earlier applied to the budget. He would like to see road edges, ditches, and Kudzu taken care of. Mayor Olive stated she would like to see the creek in front of Yarborough's Ice Cream cleaned out regularly.

Mr. Hegwer stated that staff had looked at a large resurfacing project this year and taken bids. Favorable prices were not seen, so he suggests that we might want to consider bidding later in the year. He explained that the state is already talking about a \$3 billion shortfall for next year. A billion dollars in stimulus funds goes away. A billion dollars in taxation goes away. We still don't know if there will be any withholding of our revenue on the state-shared side which makes up about 50 percent of our General Fund revenue. To be cautious, that is a big shortfall in the coming years and without some federal assistance there, that would be a big concern.

Mayor Pro Tem Mike Stone stated that he thought, as we move forward, employee retirement will be a major concern. He wanted the experts to come in and tell us our options. Another major concern, Mr. Stone stated, will be employee insurance. He suggested looking at other insurance companies as an option. These two alone, he stated, are dramatically impacting the city's budget year after year. Mr. Hegwer stated that we will look at our insurance program. If we are going to provide the insurance, we need to decide if we want to make it differentiating classes of benefits. We will be putting out requests and looking at different options for the health insurance. He felt that the 2.9 percent increase this year was actually very good compared to the 6-15 percent average increase out there. The employee retirement rate is expected to increase next year, as well. Mayor Pro Tem Stone stated that there are things being done in the private sector to control this, and the city needs to look at all the options.

Council Member McNeil stated that the city used to put out insurance for bid every year, and every year we were changing contractors because the contractor's first year low bid changed and we'd be paying 20 percent more the next year. Mr. McNeil stated we found out that it was hurting the employees more than we were gaining. With each change of company, employees had to find different places for medical care. Mr. Stone expressed that with the self-insured program, the city is taking on more responsibility because we are putting the tax payer's money out there. The insurance company is somewhat taking less responsibility, but our employees are

paying more. He stated that what we have may be the best, but we need to know, and you need to have another company here to learn our options. Mr. Hegwer suggested that Blue Cross is considered one of the premier plans. The complaint is that many of the employees cannot afford it. We need to see about some options at a lower, affordable cost. The more employees we have in our pooling method, the more the risks are spread out.

Council Member Gaskins asked if any decisions on the state level have been made that would affect our revenues. Mr. Hegwer stated that some revenues are more protected today than in years past. He is concerned about the billion in stimulus funds that will go away next year. Mr. McNeil stated that next week at Town Hall Day, there would be updates for council to learn what is going on. City Attorney Patterson noted that they are dealing with municipal broadband authority and that might affect some of the cable franchises and ability for towns to do Wifi and municipal broadband. There is some opposition to municipal authority to make it only to be provided by contractors or other companies, and not to allow cities to go into that field.

Mr. Hegwer reported from city's IT director that Sanford is saturated with over 95 percent wireless internet coverage from Verizon, Sprint, Nextel, and other wireless companies. High speed broadband wired internet is also available throughout most of the city from Windstream and Charter. Free Wifi is currently available at City Hall, the Federal Building, the library, McDonalds, and several hotels and restaurants in the city.

OTHER BUSINESS

Council Member Cohen stated that he voted yesterday and the turnout was very sparse. He encouraged everyone to go vote in the old agricultural building.

Council Member Williams stated that Council Member Taylor had to leave, but had asked him to ask about putting on the agenda a discussion about the use of temporary signs and banners, particularly on the weekends.

Attorney Patterson offered drafts for council's study of non-profit policies and a resolution of a policy, as well as a checklist and application for entities to fill out. Also included is an evaluation form for council to use to determine whether to select them or not. She stated that this is preliminary and changes would have to be made. She did not believe it could be ready by July 1. Decisions on how to spend the taxpayers' money must come from council.

Council Member Walter McNeil made a motion to table the non-profit issue until a later date and it was seconded by Council Member Poly Cohen. Mayor Olive stated the consensus was to table the nonprofit issue until a later date.

For ethics training for council, Attorney Patterson stated that a policy must be in place by January 2011, and the training had to be completed by the end of this year. There are webinars on different dates or it can be scheduled here and have everyone take the course here. Mr. Hegwer stated he could get some dates together. Mayor Olive said it could be addressed this summer after a little break from the budget.

ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.

ADJOURNMENT

Having no further business to come before the Law & Finance Committee, the meeting was adjourned upon the motion of Council Member Sam Gaskins; seconded by Council Member Walter McNeil, the motion carried unanimously.

Respectfully submitted,

Cornelia P. Olive, Mayor

Bonnie D. White, City Clerk